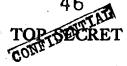
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state Dept. declassification & release instructions on file

DOS review completed

## GENERAL

- 1. UK presses Sweden on neutrality issue—US Ambassador Matthews in Stockholm has learned through the British Ambassador of a UK Foreign Office "warning" to Sweden that if the Swedes persist in following their present neutrality policy the British "might have to reconsider their policy" vis-a-vis Sweden. According to the British Ambassador, the UK Foreign Office rejected Swedish arguments for neutrality by stating that: (a) no part of Europe could escape participation in a future war; (b) Scandinavia would not be merely a "subsidiary theater of war;" (c) the Swedish conclusion is "premature" that help would not reach Scandinavia in time to be effective; and (d) prior strategic preparations are emphatically important.
- 2. British view of Italy's strategic position—According to US Embassy London, the British armed services chiefs consider that the strategic advantages resulting from Italy's adherence to the Brussels Pact would outweigh the disadvantages. The British believe that although Italy would be a military liability, the availability of Italian bases to the western European union powers and their denial to a potential enemy are of "prime importance."
- 3. US position regarding US-UK cooperation on Palestine--The Department of State has informed US Ambassador Douglas, in response to his recent reports concerning Bevin's hopes for increasing US-UK collaboration on the Palestine question, that the US is fully aware of the need to work with and not against the UK, although the mutual task would have been easier if the British had not been "extremely laggard in dealing with a crisis largely of their own making." Douglas is authorized to tell Bevin that the US will not lift the arms embargo except in conjunction with Security Council "action or inaction." The Department indicates that the US is prepared: (a) to support the UK cease-fire resolution with certain modifications, after having first voted affirmatively on the USSR resolution

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## COMPIDENTIAL TOP SECRET

because of its close similarily to the US resolution of 19 16 19; and (b) to suggest officially to the Provisional Government of Israel the wisdom of accepting a new cease-fire resolution it this time.

4. Spack fears possible Communist tridgehead in Middle East Premier Spack of Belgrain his expressed to US Artassada Kirk his serious concern over the Falestine situation. Space feels certain that years going to Palestine from eastern Europe must include a large paresniage of Communist agents. By voiced his anxiety that a Communist bridgehead may be established in the eastern Maditerrances.

## NEAR EAST-AFRICA

5. PAKISTAN: Mounting amagenism against US Pales ine policy—US Ambassador Alling in Karachi has learned of puris for a mass demonstration to be held before the US Embassy in co-demnation of US policy in Palestine. Alling reports that feeling against the US is running high and several incidents against US personnel have occurred.

## FAR EAST

6. BURMA: Communistic more in approach—US Ambassador Huddle in Rangoon reports that Frime Minister That in Nu, it a final bid for national unity preceding his retirement on 20 July, has announced a one-party "leftist unity" program which is frankly Communistic. Fuddle declares that the program offers substantial proof that Communism has prevailed in Burma. Huddle believes, however, that Thakin Nu has over looked the inevitability that any state receiving Krenkin blessing must subordinate itself to Moscow and that the realization of this should shock Burmans who at present have real independence.

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(CIA Comment: CIA concurs with this estimate and believes that if the Prime Minister's program should become governmental policy, which is probable, the likelihood of similar developments in French Indochina, Indonesia, and other Southeast Asia countries will be greatly increased.)